

May 30, 2014

The Honorable Matt Schultz  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit House File 2463, an Act relating to appropriations for health and human services and veterans and including other related provisions and appropriations, extending the duration of county mental health and disabilities services fund per capita levy provisions, and including effective date and retroactive and other applicability date provisions.

A stable, predictable health and human services budget is critically important to Iowa taxpayers who fund these programs and to Iowa's most vulnerable who rely upon these programs. This budget falls short of the high standard Iowans deserve and need, especially in two areas: compensatory education for former Iowa Juvenile Home residents and Medicaid. The budget I proposed in January 2014 included funding for compensatory education of children formerly served by the Iowa Juvenile Home. This bill fails to fund compensatory education; however, I am committed to ensuring the educational needs of the children are met. The Department of Human Services will fund any compensatory education required. Although sufficient funds will remain available to cover a potential Medicaid budget shortfall in fiscal year 2014, the failure to meet the projected needs for Medicaid leads to bad budgeting and is a practice that must be changed.

House File 2463 is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the designated portion of the item designated as Section 3, amending the 2013 Iowa Acts, chapter 138, section 133, subsection 4, lettered paragraph p by inserting subparagraph 2. This item requires the Department of Human Services to collaborate with the Iowa Collaborative Safety Net Provider Network and the Iowa Primary Care Association to develop a long-term place for the statewide regionally based network. This is unnecessary because it is duplicative of the department's continued efforts to work with all stakeholders and study methods to modernize the Medicaid system.

I am unable to approve the designated portion of the item designated as Section 6, in its entirety. This item creates a redundant, overly burdensome mandate requiring the Iowa Veterans' Home to make expenditure reports monthly to the Legislative Services Agency for fiscal year 2015. I strongly support transparency efforts that publicly disclose how departments spend their resources and this information is already available within the State's accounting and budgeting systems.

I am unable to approve the item designated as Section 17, in its entirety. This item requires the Department of Human Services to redundantly report on cost containment strategies. The Department of Human Services, Department of Management and the Legislative Services Agency meet on a monthly basis to determine projections for the Medical Assistance appropriation. Information relating to cost containment strategies is shared during these meetings. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 18, amending the 2013 Iowa Acts, chapter 138, section 142 by inserting a new subsection 23. This item is unnecessary and is duplicative of efforts by the Department of Human Services because the department is continually evaluating new methods to better serve Medicaid patients in the most cost-effective way for taxpayers.

I am unable to approve the designated portion of the item designated as Section 19, amending the 2013 Iowa Acts, chapter 138, section 143, by inserting numbered paragraph 8. This item requires the Department of Human Services to submit a report regarding implementation of a uniform cost report. While I strongly support transparency and collaboration, this item is redundant and duplicative because the department already works with stakeholders and a report is unnecessary due to the fact that this information is available upon request. There is no need to require government to make a report about a report. This is unnecessary red-tape.

I am unable to approve the designated portion of the item designated as Section 23, amending the 2013 Iowa Acts, chapter 138, section 147, subsection 1, by inserting an unnumbered paragraph. This item requires that the maintenance staff be maintained at the Iowa Juvenile Home at the same level as it was in January 2014. In December of 2013, the Department of Human Services determined it was in the best interest of the youth to find appropriate, alternative placements. The department completed placing all children formerly housed at the Iowa Juvenile Home at licensed or accredited facilities or at home. Because the Iowa Juvenile Home no longer serves children and the facility continues to be maintained by the Department of Human Services in coordination with the Department of Administrative Services, this item is no longer necessary.

I am unable to approve the designated portion of the item designated as Section 24, amending the 2013 Iowa Acts, chapter 138, by inserting section 147A, subsection 2. The Department of

Human Services already tracks youth served by the department and the outcomes the youth experience. This item creates an unfunded system that is duplicative of the department's ongoing efforts.

I am unable to approve the designated portion of the item designated as Section 24, amending the 2013 Iowa Acts, chapter 138, by inserting section 147A, subsection 3. The Department of Human Services has transfer authority. When transfers are made, a notification mechanism to the Legislature is already in place.

I am unable to approve the designated portion of the item designated as Section 25, amending the 2013 Iowa Acts, chapter 138, section 148, by inserting numbered paragraph 28. This item requires the department to review child welfare expansion issues. A task force conducted a review in 2009 and the Department of Human Services will proceed to update this study if any changes are needed.

I am unable to approve the designated portion of the item designated Section 32, amending 2013 Iowa Acts, chapter 138, section 156, by inserting lettered, numbered paragraph 1A. This item prohibits external approvals that are designed to ensure budget integrity, stability and predictability. Management must have the ability and flexibility to allocate resources where they are most effective and needed. In addition, this item creates a redundant, overly burdensome mandate requiring the department to report to the chairpersons and ranking members of the appropriations committees on a monthly basis. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the item designated as Section 58, in its entirety. This item causes unspent funds for Field Operations to not revert to the General Fund. The carry-forward language does not work to advance my goals of returning predictability and sustainability back to government budgeting. Additionally, providing carry-forward language for the Department of Human Services for field operations before the fiscal year has begun and before it can be known if funds will exist to carry-forward is inappropriate.

I am unable to approve the item designated Section 91, in its entirety. This item requires the Department of Human Services to report to the Legislature prior to the submission of any Medicaid or hawk-i program state plan amendment or waiver to the centers for Medicare and Medicaid services. The Department of Human Services, Department of Management and the Legislative Services Agency meet on a monthly and quarterly basis to determine projections for these services. While I strongly support transparency efforts that publicly disclose how departments manage their programs, this information is already provided to the Legislature and can be made available upon request as well.

I am unable to approve the item designated as Division XIII, in its entirety. I am supportive of efforts to increase accountability and oversight in Medicaid spending. However, this item depends on the one-time funding provided in Senate File 2363. I am taking action on this item consistent with the action I took on Senate File 2363.

I am unable to approve the item designated as Section 98, subsection 7, in its entirety. This item requires each health insurance carrier and pharmacy benefits manager (PBM) to develop a single standard form that the insurance carrier or PBM must use when prior authorization for prescription drugs is required. This requirement creates inconsistencies between state and federal insurance regulations. I believe time requirements are best implemented through the administrative rules process under the Iowa Insurance Division. The division will initiate rulemaking creating consistency for consumers and insurers.

I am unable to approve the item designated as Division XIX, in its entirety. This duplicates the work of the Healthiest State Initiative by creating the Healthiest Children Initiative. My administration's goal is to make Iowa the Healthiest State by 2016. The Healthiest State Initiative is privately led and publicly endorsed and encourages all Iowans to improve their overall health and well-being. Making Iowa the healthiest state in the nation is not only critical to the economic viability of our state, but also critical to the quality of life for all Iowans. Iowans have made great strides in improving their health and continue to work toward my goal of becoming the healthiest state in the nation by 2016. The Healthiest State Initiative has and will continue to assist Iowans, including children, in learning about and applying proven methods to live longer, happier, and healthier lives. There is no need to duplicate programs or grow bureaucracy when a private sector led initiative is working.

I am unable to approve the item designated as Division XX, in its entirety. This item requires the Department of Human Services to meet with stakeholders regarding elder services under the Medicaid program. This effort is already being conducted on a regular basis and there is no need to duplicate government services.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2463 are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor